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MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

Thank you for the invitation to testify this morning. My name is Bob Blancato. I am President of Matz, Blancato and Associates, Inc. I also had the pleasure of serving as the Executive Director of the last White House Conference on Aging held in 1995.

I commend you for calling these hearings on long-term care and Baby Boomers. I especially support using these hearings as a necessary call to action on developing and moving the various elements for this nation to have a comprehensive national long-term care policy.

I would propose at the outset that we go beyond a call to action. We can go one step farther and aim for a specific timetable when we achieve a genuine national long-term care policy for Boomers and the many other individual constituencies who will confront long-term care challenges in their lifetime.

It is a special honor for me as a former House Select Committee on Aging staff member to be asked to testify before the more senior and still flourishing Senate Special Committee on Aging. Yet there is also a relevant historical tie between the House Committee and this hearing today. I had the good fortune of being on the staff when Claude Pepper was our Chairman. Imagine it was almost 14 years ago when Claude Pepper had the vision that America needed a national long-term care policy. He went as far as proposing such a policy and even got it to the House floor for a vote. He followed this with the landmark work of the Pepper Commission, which went further in developing a framework for a long-term care policy. Back then, as today, there were two primary directions for long-term care policy at the federal level: more Medicare coverage of long-term care, and providing more alternatives to institutionalization with federal long-term care funds.

There is also a tie between the work and products of the 1995 White House Conference on Aging and this hearing today. The Conference, which was the 4th in our history and final one of the 20th century, was called by President Clinton but was chaired by the distinguished former Chairman of this Committee Senator David Pryor. Our mission was to be intergenerational: to have a conference that did not just focus on the aged but on aging, a process that affects all generations. We also did something unique. We went to the American people and asked them to identify what should be on the agenda of this Conference.

After conducting more than 1000 local, state, and regional events in all 50 states in a one-year period with more than 125,000 persons in attendance, the top issue was comprehensive health care including long-term care. What more classic intergenerational issue is there than long-term care? Presently, it is estimated that 40 percent of those persons receiving long-term care are not seniors, but are those between 18 and 64. So it was evident that this was a top concern of the grassroots of this nation.

The question then became, would these grassroots come to Washington as delegates and adopt resolutions on long-term care? The answer was yes. In fact five of the top ten resolutions, based on votes of delegates, were on long-term care. I am submitting the text of these resolutions in my written statement for the record. The reality is that these resolutions comprise the provisions of many of the important long-term care bills that have either passed since 1995 or are pending today. There are also other outstanding ideas that could comprise future legislation. Two prime issues in these resolutions that are still relevant today are that long-term care policy, public or private, must feature genuine choice and

that home- and community-based long-term care must get more support.

I am pleased to note that thanks to the support of all of you on this Committee that a fifth White House Conference on Aging will be held not later than December 31, 2005. It should be noted that the first wave of Boomers will be 59 for this conference and one can predict that long-term care will be an important issue.

What has happened relative in the development of national long-term care policy since 1988 or since 1995? It has gone from a hypothetical, almost foresighted issue 14 years ago to a far more imminent issue today. One good reason is that the oldest Boomers were only 42 in 1988, but now they are 55. It has also gotten more complicated to achieve a comprehensive solution because the health care market place has gotten more complicated. Yet I am concerned, as this Committee is, that long-term care is not enough of a mainstream issue that compels large numbers of people into action. This is especially true among Boomers.

We know based on past history that where Boomers do become engaged, they have a profound impact. Consider the impact Boomers have made on fast food, telecommunications, health clubs and, as they get older, sports medicine. Clearly the sheer number of Boomers contributes to them having an impact. We know Boomers are America's largest generation. The aging of the Boomers in the past decade has contributed significantly to the U.S. now having the highest median age ever in its population. It is now, according to the Census Bureau, at 35.3 years up from 32.9 years in 1990. Further, and perhaps more significant in the short-term, were findings of an article in the Christian Science Monitor of May 15, 2001. The author, Laurie Belsie, noted that over the past ten years the number of 18 to 34 year olds actually declined four percent. By contrast, the front half of the Boomers--those aged 45-54--increased by 49 percent in that same time period.

How do we get more of a Boomer buy-in to the reality that they need to be more focused on planning for their long-term care needs in the future? Also, how do they become more engaged in developing long-term care policy? This is a challenge indeed, especially when you consider the rap on Boomers. They suffer from the "three D" syndrome; Boomers delay, especially with respect to saving and planning for later years; Boomers deny that they are aging; and Boomers demand action when they do get something up on their radar screen.

For many Boomers, involvement in long-term care is very personal. Let me give an example. I confess, Mr. Chairman, that I have been a Boomer all my life. I have spent more than half of my life working in national aging policy. But, guess when I first focused on long-term care. About one year ago. And guess why. Because of a long-term care crisis affecting my mother. It made the issue real from two distinct perspectives. One was addressing the crisis--learning about options for long-term care services first at home and later in a long-term care facility. The second was, what would I do if confronted with a similar situation when I got older?

On the care side we experimented with a number of options and thankfully have found the right one. But make no mistake about one thing; we were only successful with my mother's plan of care because my parents were fiscally prudent. My dad made a good income, saved and invested wisely. Therefore, we have the resources to pay.

Have I been as prudent in terms of saving and planning in my working life? I am afraid not. But at least I took one step and purchased long-term care insurance.

The hard reality is, the way I as a Boomer first confronted long-term care is the way too many people in

my generation confront it. They wait until the crisis is on the doorstep and then move into action. Let's face it, "crisis planning" is an oxymoron. There is no reason why individuals, or this Congress, should wait for the long-term care crisis to land on the doorstep before having a plan. That is why your plan of action makes so much sense at this point in time.

One critical component of this plan of action on long-term care and Boomers must be to redouble our efforts on doing aggressive, targeted and relevant public education and awareness about long-term care. This Committee and these hearings will certainly contribute to this effort. While this hearing's focus is on Boomers, the public education and awareness efforts must be targeted to address the special issues of the individual constituencies in long-term care: women, families, seniors, the disability community, minority communities, and those in rural America. They all have a stake in long-term care.

Whether it is in policy or public awareness, with respect to long-term care, one size does not fit all. Especially for Boomers, future public education and awareness efforts have to be as localized and as humanized as possible--and they need a message. Americans respond to messages. Political races at all levels are won and lost based on the quality of message. Products are sold based on quality of message or slogan. We might need the same kind of creativity in crafting a message on long-term care and Boomers and we must use the most advanced technology to get that message out. At the end of the day, the message should be one that opens eyes, but does not beat one over the head. It should provide a wake up call, but should not scare people into hasty and unwise actions.

Too often there is a false sense of security on the part of Boomers regarding Medicare and long-term care. A poll done in 1999 by Fabrizio and McLaughlin had a number of findings, but two in particular bear note. Fifty-six percent of those Boomers surveyed were unable to correctly say that Medicare does not cover extended stays in nursing homes. Eighty-five percent of Boomers cannot name the primary funding source for the majority of nursing home residents. To the extent that these misconceptions exist, they must be addressed. It seems that in the course of this public awareness and education campaign, we should also begin a process by which Boomers advocate for those long overdue changes in Medicare that might allow it to cover more long-term care services in all settings, but particularly more preventive services.

We are replete with examples of good public education and awareness campaigns that have worked in this nation. Who focused on road rage two or three years ago? Now it is a real safety and prevention issue for drivers. Think also about Choose to Save. It has helped enlighten Boomers and those younger about the need to save for retirement, however that will be defined in the future. It has also contributed to the inclusion of important savings incentives in the just-enacted tax cut bill.

Here we might be succeeding on one side of the public awareness ledger and falling short on another. If these same Boomers and younger Americans are not planning ahead for long-term care needs, they may have nothing other than their 401(k)s or rollover IRAs to turn to. Based on the most recent study done by MetLife on the average cost of a nursing home being \$153 a day, this could wipe out those accounts in no time.

Simply put there is just not enough of a connection on the part of Boomers of long-term care security being a critical part of retirement security. It starts for Boomers in their working years. I recall a 1996 study done by First Wave Inc. that polled boomers and by a two to one margin they said they were more worried about losing their job than their health. That carries over to the way retirement is approached: economic security first, and health care will work itself out.

An exciting area of possibility rests with the ongoing work of the Office of Personnel Management in

their implementation of PL 106-265, the Long-Term Care Security Act. In the selection of the carriers to provide this insurance to this vast new potential market, estimated to be as many as 20 million in a recent *Washington Post* article, there will be an unprecedented amount of valuable information available to consumers about the need for long-term care and the choice of products that can be available. While I do not have precise statistics on the percentage of new enrollees who are Boomers, one can assume it will be a significant portion. In that vein, it will be incumbent on the carriers to offer as much choice and options as possible in their plans to attract Boomers. It could well be a harbinger of things to come in the market.

As part of the call to action that this Committee is undertaking, I hope it will include continued movement on important individual initiatives on long-term care that are pending in this 107th Congress. It should also maintain important implementation of long-term care legislation passed in the last Congress.

Last year as part of the landmark Older Americans Act amendments of 2000, there was established a new National Family Caregivers Support Act. This became the most significant piece of legislation yet adopted for family caregivers. Today, \$125 million in formula grants to states and competitive grants are now available to enhance the scope and quality of services for family caregivers at the state and local level. I know, Mr. Chairman, that you and this Committee have already conducted hearings on the implementation of this program. This first year is so critical and we all hope for its success.

One critically important dimension to your call to action for long-term care policy that helps Boomers is how well this policy helps family caregivers. It is true that the connection between Boomers and long-term care is more remote than we all would want it to be. However when the focus shifts to family caregiving, the dynamics change. Family caregiving is the cross cutting issue with Boomers and most all the constituencies I mentioned earlier that are involved with long-term care.

This Committee has examined family caregiver. You know the data. Yet one aspect of family caregiving that deserves more attention relates to the employed caregiver. The landmark and award-winning study entitled the MetLife Juggling Act Study estimated that employed caregivers could lose as much as \$566,000 in total wage wealth. This, coupled with an earlier MetLife/National Alliance for Caregivers study estimating that caregiving's loss to American business was between \$11 and \$29 billion a year, shows that caregiving and long-term care are far more than just health issues. They are economic issues that could affect future productivity in this nation.

There is one additional point about the importance of family caregivers in terms of your focus on long-term care and Boomers. In terms of advocacy, you end up with better results with connecting Boomers to caregiving. I have the unique experience of having founded in the late 1990s an organization called the Boomer Agenda. It was established as bi-partisan political and policy organization to get Boomers more involved in the policy and political arenas on issues that should motivate them to act. The work included doing some informal canvassing of thousands of Boomers to determine what priority issues belonged on a Boomer agenda. They were quick to respond and of course long-term care was one of those issues. Yet it was more difficult to get them to advocate on some of these issues. They saw no threat. It was not personal enough for them to get involved.

I discovered while doing this work and giving many speeches on aging policy across the country that the one issue that came up the most from audiences related to questions on family caregiving and policy initiatives. So late last year I founded another entity: CaregiversCount.com. It is a website dedicated to advocacy for family caregivers. In the six months we have been operating, the traffic has been impressive, but the interest and commitment of those visiting the site says to me that family caregivers

are the political constituency of the future. In fact, I hope as this committee begins to refocus on long-term care that we can also look more creatively at future policies for family caregivers. I think it is time to take the individual initiatives that are out there and put them under the umbrella of a Universal Caregivers Act. An article I wrote on this is included in this statement and I am happy to report that Senator Jack Reed of Rhode Island is helping in the development of this bill.

Returning back to this 107th Congress and this Committee's launching its call to action on long-term care and the Boomers, there are several important pieces of pending legislation which, if enacted, could constitute real progress on shaping a future national long-term care policy. First is the Long Term Care and Retirement Security Act (S. 627 and H.R. 831 respectively). As President of the 30-member bi-partisan Americans for Long Term Care Security, we enthusiastically support this legislation and especially commend you, Mr. Chairman, for being an early co-sponsor.

It represents the kind of public-private incentive response we must have in real long-term care policy. We of ALTCS view all the major pieces of the bill relating to long-term care insurance deductibility, tax credits for family caregivers and allowing long-term care insurance in employer cafeteria plans, as all being critical and worthy of passage. We are increasingly optimistic about the prospects of this legislation being enacted in this session. The support on the House side is growing rapidly with over 100 co-sponsors and it has always been a bi-partisan initiative.

In addition, let me note with personal support several other important bills. S. 464 was introduced by Senator Bayh and provides for the family caregiver \$3,000 tax credit. In addition, S. 775 sponsored by Senator Lincoln deals with the critical issue of providing more health care personnel trained in geriatric medicine. Also H.R. 1041, sponsored by Congressman Peterson, expands the highly successful Long-Term Care Partnership programs.

In this call to action on long-term care, I also recommend that we take time to do an inventory on all federal programs and funds that are being used at the present time for any form of long-term care, whether defined as institutional, home-based or community-based care. Let us first examine the degree to which fragmentation is a problem. In this era of more limited resources, fragmentation is especially unacceptable since it diminishes the value of both federal funds and the programs.

This inventory would also allow us to see what is working and where the success stories are and to build on them. I was pleased to learn that future hearings you are holding will involve testimony from key state governors on long-term care programs. My hunch is that over the past several years, states have become the laboratories of good ideas for long-term care, especially with respect to home- and community-based services. In rural America, our inventory should have us focus on those systems that have been developed that lead to strong access and delivery of services. Rural America needs special attention in developing a long-term care policy.

As we move forward with this call to action, we must pay attention to certain core principles that must be part of any national long-term care policy for Boomers and for all groups. They were stated quite well by Mal Schetcher in his book "Beyond Medicare." His principles include: universality, financial security, service availability, and thrift. I would add to this access, quality, greater consumer input and direction, and commitment to value in products.

Some of this is incorporated in legislation already pending. Some come from new ideas--concept papers and the like. But if the focus is to reach the Boomers and to have long-term care policy respond to their needs, we really do need to stress choice and options for services, a continuum of care approach, and ease of receiving information. Assisted living, home- and community-based care have to be more

prominent in long-term care for it to be relevant to Boomers. Your hearing announcement talks about another key change that is needed to remove the long-standing bias in federal funds toward institutional care. Mr. Chairman, you are a leader in the efforts to reform Medicare. The idea of having Medicare provide more coverage for long-term care with more choices is a fundamental piece of reform. One approach developed in a white paper issued by the National Academy of Elder Law Attorneys calls for a new Part D of Medicare that would finance long-term care. This approach recognizes the responsibilities of both the individual and the national community to care for America's elderly and disabled individuals and expands our Medicare commitment to adequately fund care for chronic and long-term conditions. I will include a summary of this provision as part of my statement.

Hopefully the Committee, in its review, will examine how well Medicaid waivers have been doing especially in providing alternatives to institutionalization. Perhaps an outcome might be making them permanent.

Finally, let me make this point: this call to action, especially when it moves toward legislation, must include some political courage. To simply look at the scoring on a particular legislative proposal and make a judgment for or against supporting it is shortsighted. There is a difference between an expenditure and an investment of federal funds. Let me cite one example. Next March, the Older Americans Act nutrition programs will celebrate their 30th anniversary. In March of 1972 Senator Ted Kennedy proposed an amendment to the Older Americans Act to set up the nutrition programs both in congregate settings and home delivered. The need was based on those seniors deemed to be at risk for possible institutionalization based on poor diet. In fact, in testimony before the House Select Committee on Aging, it was determined that up to 20 percent of those in nursing homes at that time were there solely due to the inability to maintain a proper diet. To provide these same seniors with one hot meal a day, five days a week at home or in community settings would cost about one-fourth of the costs to Medicaid for these seniors to be in nursing home care.

This required a new expenditure of money. It was presented as an investment that would save money. The results 30 years later speak for themselves. Today, the average age in the congregate nutrition program is in the mid-70s and in the home delivered program it is close to 80. Eligibility is 60 under the Older Americans Act. This means that many of these seniors have been in the program for 15 to 20 years or more. For those who were at risk when they entered, the intervention of this one service succeeded in keeping them at home or in their community at far less cost than Medicaid would have been.

We may well have to go this route again. We have to be willing to invest today and look for the savings tomorrow. Studies have been done both by the Health Insurance Association of America and the American Council of Life Insurers that demonstrate the future savings to Medicaid if a long-term care insurance tax deduction can be provided today.

I commend you, Mr. Chairman, for this hearing and the ones that follow. The urgency of preparing our nation for the long-term care needs of Baby Boomers must be communicated from Washington. It must be communicated to three audiences: the Boomers, policymakers, and the private sector.

This call to action can and should be linked to a timetable for when a real comprehensive, choice oriented, options oriented, quality oriented, consumer oriented long-term care policy is genuinely in effect. We need a timetable because there is another timetable that is not going to wait--the demographic timetable. Our challenge is to beat that clock. The clock says that in 2010 the number of retirees grows from 13 to 20 percent of our total population (Cerrulli Associates) and the all important 2011 date when the first wave of Boomers turn 65 and become eligible for Medicare.

I look forward to working with you and the Committee as you advance this plan of action on long-term care. Because as it relates to Boomers: long-term care--it may not be your issue today, but it could be tomorrow.